SOCOIL CORP. BHD.

v.

NG FOO CHONG & ANOR.

PRIVY COUNCIL
LORD DIPLOCK
LORD KEITH OF KINKEL
LORD ROSKILL
LORD BRIGHTMAN
LORD TEMPLEMAN
[APPEAL NO. 26 OF 1982]
13 JUNE 1984

TRADEMARKS: *Trade Marks - Golden dragon cooking oil mark registered in Sabah - Sale of similar brand cooking oil by appellant - Whether infringed respondents' trade mark - Danger of confusion between the goods of appellant and respondents - Whether established - Order by High Court in Borneo under s. 16 of Trade Descriptions Act - Whether it had full force and effect throughout the Federation - Protection under s. 16 - Whether to public or registered proprietor.*

On 22 January 1976 the respondents were registered under the Trade Marks Ordinance of Sabah as the proprietors of Trade Mark 19862 comprising a device of a golden coloured dragon enclosed in a circle and the words "Golden Dragon" in respect of edible oils only. In 1978 the appellant began to sell cooking oil in Sabah, under a mark which infringed the respondents' registered trade mark. On the application *ex parte* of the respondents, the High Court in Borneo ordered that, cooking oil not manufactured by or distributed by the respondents shall be deemed for the purposes of the Trade Descriptions Act 1972 ("the Act") to be false trade description. The Court, after a hearing *inter partes* refused to discharge. Numerous complaints by the appellant did not move the learned Judge to exercise his discretion in its favour.

On appeal, the Federal Court were not persuaded that the learned Judge erred in exercising his discretion in favour of the respondents. The appeal was dismissed by the Federal Court, therefore this appeal was made with the following submissions:

(1) In the exercise of his discretion the learned Judge should have declined to make an order because the order which he did make prevents the appellant from using the golden dragon mark in every part of Malaysia, although the trade mark of the respondents was only registered in Sabah.

(2) The evidence did not establish that the respondents had used the trade mark in Sabah and did not demonstrate that there was a danger of confusion between the goods of the appellant and the respondents.

(3) That s. 16 of the Act was only intended to protect the public and was not intended to protect the registered proprietor of a trade mark.

Held:

[1] By virtue of Article 121(3) of the Federal Constitution of Malaysia any order of the High Court in Borneo has full force and effect throughout the Federation and the order of the learned Judge had this effect. Therefore the appellant's argument on this was misconceived. The respondents' trade mark registered in Sabah remains effective but only in Sabah until the appellant's opposed application for registration in Western Malaysia has been determined.

[2] The respondents being registered proprietors of the trade mark, it was for the appellant to show reason why an order should not be made under s. 16. The appellant failed to lead any evidence on non-user or on absence of confusion and did not even contradict the affidavit evidence of the respondents.

[3] Section 16 confers express and unconditional power on a registered proprietor to make an application thereunder. The appellant failed to persuade the learned Judge that in the exercise of his discretion an order should not be made.

[Appeal dismissed with costs.]

Legislation referred to:
Trade Descriptions Act 1972, s. 16
Trade Marks Act 1976, ss. (4)(d), 6
Federal Constitution, art. 121(3)

For the appellant - John Burrell QC (Ramasamy Sethu with him)
For the respondents - Anthony Walton QC (Porres Royan with him)

JUDGMENT

Lord Templeman:

Section 16 of the Trade Descriptions Act 1972 of Malaysia, so far as material, provides that:

> (1) Where any person being a proprietor ... of a registered trade mark within the meaning of any written law relating to trade marks ... established -
>
> (a) ... that his rights in respect of such trade mark are being infringed in the course of trade within the meaning of the written law...
>
> the High Court may on the application of such person make an order declaring that the infringing trade ... mark ... is for purposes of this Act a false trade description in its application to such goods as may be specified in the Order.

Sabah is a territory comprised in the Borneo States which form part of the Federation of Malaysia. The Trade Marks Ordinance of Sabah is a written law relating to trade marks within s. 16 of the Trade Descriptions Act 1972. The Ordinance established a register of trade marks and conferred on a registered proprietor the exclusive right to the use of the registered trade mark in Sabah.

On 22 January 1976 the respondents, Ng Brothers Import & Export Company, were registered under the Trade Marks Ordinance of Sabah as the proprietors of Trade Mark 19862 comprising a device of a golden coloured dragon enclosed in a circle and the words "Golden Dragon" in respect of edible oils only.

In 1978 the appellant, Socoil Corporation Bhd., began to sell in Sabah cooking oil under a mark which infringed the respondents' registered trade mark. On 31 July 1979, on the application *ex parte* of the respondents, B.T.H. Lee J, sitting in the High Court in Borneo, made an order which, on 21 February 1980 after a hearing *inter partes* he refused to discharge, that pursuant to s. 16 of the Trade Descriptions Act 1972 "the trade mark 'Golden Dragon' consisting of the device of a golden coloured dragon enclosed in a circle used in relation to edible oils and in particular to cooking oil not manufactured by or distributed by" the respondents "shall be deemed for the purposes of the Trade Descriptions Act 1972 to be false trade description". The appellant appealed from B.T.H. Lee J to the Federal Court of Malaysia. The appeal was heard and dismissed by that Court (Lee Hun Hoe CJ, Chang Min

Tat and Syed Othman FJJ) on 5 December 1980. The appellant appeals with the leave of the Federal Court to His Majesty the Yang di-Pertuan Agong.

The respondents, having proved registration and infringement, were entitled to an order under s. 16 of the Trade Descriptions Act 1972 unless the appellant succeeded in satisfying the Court that in the judicial exercise of the discretion conferred by the section the Judge of the High Court in Borneo should not have made any order. The appellant made a number of complaints which did not move the learned Judge to exercise his discretion in its favour. The Federal Court were not persuaded and the Board are not persuaded that the learned Judge erred in exercising his discretion in favour of the respondents.

The appellant submits that in the exercise of his discretion B.T.H. Lee J should have declined to make an order because the order which he did make prevents the appellant from using the golden dragon mark in every part of Malaysia, although the trade mark of the respondents was only registered in Sabah. This argument is misconceived. Although by Article 121(3) of the Federal Constitution of Malaysia any order of the High Court in Borneo has full force and effect throughout the Federation, the order made by B.T.H. Lee J only had the effect, and could only have had the effect, of rendering the use in Sabah of the golden dragon mark by the appellant a false trade description in Sabah. If a somewhat equivocal passage in the judgment of the Federal Court is to be understood as meaning that the territorial ambit of the order extended beyond Sabah, that, in their Lordships' view would not be justified.

Section 6 of the Trade Marks Act 1976 which came into force in September 1983 now provides for a central trade mark register applicable to the whole of Malaysia. By s. 6(4)(d) however, where a trade mark was registered before the coming into force of the Act in, for example, Sabah, and an application for the registration of identical or similar trade mark has been made prior to the date of the coming into force of the 1976 Act by another person in any of the other regions of Malaysia, the registered trade mark shall only be effective in Sabah, unless and until the application for registration in one or more of the other regions of Malaysia has been refused, abandoned or successfully opposed. In the present case in 1976 the respondents were registered in Sabah. The appellant had applied in 1975 to be registered in Western Malaysia but not Sabah. The appellant's Western Malaysia application was not gazetted until 31 March 1977 where-upon the respondents on 25 June 1977 gave notice of objection. The appellant's opposed application for registration in Western Malaysia has not yet been determined. The respondents' trade mark registered in Sabah remains effective but only in Sabah until the appellant's application has been determined.

Next, the appellant complained that the evidence did not establish that the respondents had used the trade mark in Sabah and did not demonstrate that there was a danger of confusion between the goods of the appellant and the goods of the respondents. The respondents being registered proprietors of the trade mark, it was for the appellant to show reason why an order should not be made under s. 16. The appellant failed to lead any evidence on non-user or on absence of confusion, and did not even contradict the affidavit evidence of the respondents which deposed that the trade mark was in use in Sabah and that the use of the golden dragon mark was calculated to lead the public to believe that cooking oils sold under that mark were the produce and manufacture of the respondents.

It was submitted that s. 16 was only intended to protect the public and was not intended to protect the registered proprietor of a trade mark who should before applying for an order under s. 16, so it was said, take civil proceedings proving the validity and user of his mark. Section 16 however confers express and unconditional power on a registered proprietor to

make an application thereunder. The appellant had an opportunity of persuading the learned Judge that in the exercise of his discretion an order should not be made. They failed to persuade the Judge and there are no grounds upon which the exercise of the learned Judge's discretion could be interfered with.

Their Lordships will advise His Majesty the Yang di-Pertuan Agong that the appeal should be dismissed with costs.

Also found at [1984] 2 CLJ 77